

tax the depletion of it. The federal government should be moving toward elimination of payroll and income taxes and toward taxation of the use of finite natural resources and the pollution that results. Instead of using taxes simply to raise revenues, the government could raise revenue in a way that helps reduce the need for both government and taxes.

This idea of resource-based taxation is quite different from President Clinton's BTU tax proposal in 1993 that was mainly a new tax on top of the existing income tax structure. By contrast, we're talking about replacing the income and payroll taxes on the middle class with taxes on the use of finite resources such as oil and coal, on pollution and on virgin materials that end up in the trash. The federal income tax would be restored to what it was in the early 20th century—a kind of excise tax on only the very richest Americans (a historical fact that the Democratic party seems to have collectively forgotten).

Such a tax shift would provide a big boost for jobs and for America's ability to compete in the world.

First, eliminating income or payroll taxes for most of the middle class would cut the cost of labor in America without reducing wages. The real "job killer" of the current tax system is not the tax on capital gains, as Republicans claim. Much more debilitating for employment in America is the payroll tax, which slaps a big penalty on small businesses for the heinous act of hiring a worker. Resource-based taxes provide a practical way to reduce that penalty.

Second, a shift to resource taxes would push our whole economy toward more efficiency. A few pioneering companies have already shown the economic gains that are waiting to be tapped, as Joseph J. Romm demonstrates in his book "Lean and Clean Management." Boeing, for example, installed efficient new lighting that has cut electricity use for that purpose by 90 percent. West Bend Mutual Insurance, in West Bend, Wis., cut total energy use almost in half with a new office building designed to conserve resources.

Since conservation technologies and practices employ many more people than does the use of virgin resources, more jobs would result. Many of those new jobs would be in recycling, which would boom because virgin materials would no longer have the subsidies they enjoy under current tax laws. This, in turn, could help bring manufacturing jobs back to the inner cities, which could become the new supply depot of recycled raw materials, the equivalent of the mouth of the mines, that companies seek to be near.

Third, resource-based taxes would help solve our environmental problems by reducing the need for cumbersome, top-down regulation. Boeing's manager of conservation, Lawrence Friedman, has noted that if every company in America adopted the lighting efficiencies that Boeing did, "it would reduce air pollution as much as if one-third of the cars on the road today never left the garage." In other words, a resource tax system would make tax avoidance both legal and socially desirable. As individuals and corporations sought to cut their tax bills, the environment would become cleaner and the economy more efficient—and regulators less necessary.

This is not a pipe dream. We have completed the first draft of a resource tax proposal for the state of California, and found that the state could abolish virtually all existing state and local taxes, and raise the same amount of revenue from resource use and pollution instead. A shift of that scale is not feasible at the federal level. However, a reasonable tax on resource use and pollu-

tion—which would keep the price of gasoline within the levels paid by Europeans and Japanese—would make it possible to eliminate the federal income tax entirely for families making up to \$75,000 a year, and for individuals earning up to \$40,000. Part or all of that money could be used to abolish payroll taxes at the lower wage levels, and to buffer low-income Americans from the impact of the tax.

So why not? Some will warn that the United States would lose competitive position, but the opposite is more likely. With incentives to become lean and efficient in the use of resources, American companies would actually gain a competitive edge. Convinced of this, major international corporations in Sweden, such, including IKEA and Electrolux, are supporting a move toward resource taxes there, and the European Community is moving in this direction as well. Moreover, Prof. Lawrence Goulder of Stanford has shown how a resource tax could be levied on the energy content of key imports, keeping the playing field level for American producers paying such taxes.

Another objection will be raised by technological utopians, who say there's no such thing as "finite" natural resources, because the infinite ingenuity of people will always find substitutes for any resources that run out. If that's true, then resource-based taxation would buy more time for such new technologies to arise; it would also create price incentives that would hasten the development process. This would help bring about exactly what Newt Gingrich says he wants: a Third Wave economy, which Alvin Toffler describes as based on "processes and products that are miserly in their energy requirements."

Resource-base taxation is a proposal designed for where the economy is going, rather than where it has been.

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PROGRESS IN THE BATTLE  
AGAINST DRUGS IN LATIN  
AMERICA

**HON. BENJAMIN A. GILMAN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 12, 1995*

Mr. GILMAN. Mr. Speaker, the deadly Cali drug cartel is on the run today like never before. The Colombian National Police to their enormous credit, and at great sacrifice in lost lives of many of its finest police officers, have long and courageously battled this scourge. In recent weeks they have successfully captured or brought about the surrender of many of the key drug kingpins, and others associated with the deadly Cali cartel. Now the judicial process in Colombia hopefully will serve to provide these same unsavory figures with prompt trials and the appropriate jail time, commensurate with the enormity of their deadly crimes, especially against our young.

In Peru, President Fujimori has started his second term with a strong democratic mandate. He is publicly committed to crushing the narco-traffickers, as he successfully battled the Shining Path terrorists. The results have also been impressive from Peru's air interdiction efforts on coca paste headed for Colombia. Today, there are more and more drug trafficking flights refueling in Brazil in order to avoid detection by these aggressive Peruvian efforts, as they make their way into Colombia with their deadly cargo.

These and other developments in the Andean region and nearby, give all us guarded

hope that we can expect even more of these courageous and impressive results, aimed at the drug cartels and their deadly cargo. This issue is a major foreign policy concern of mine and others like Mayor Giuliani in New York City, who know full well that this scourge of narcotics must be aggressively fought abroad, before these drugs hit our streets, and infect our cities and schools.

All of these recent developments in Latin America present a challenge and a tremendous opportunity for U.S. international drug policy and interests in the region. It is an opportunity we cannot afford to miss to help reduce the level of deadly drugs coming into the United States.

We all know that once these deadly drugs reach our streets, we suffer billions of dollars in related crime, incarceration, health care, lost worker productivity, and other social ills and costs. Vice President Gore recently put the annual cost to the United States from illicit drug use at \$67 billion. While that figure is very conservative, as a cost analysis, it clearly points out the critical need for our Nation to stay focused on this important subject, especially from a foreign policy perspective. We must also provide the necessary resources abroad, as well as here at home, which are needed to fight this epidemic which costs our society so much, in dollars and lives, each and every day.

Now more than ever, we must keep the pressure on the illicit drug trade and the drug cartels and we must work cooperatively with all concerned nations around the globe against this scourge. Nothing less will suffice for the benefit of our youth and the future of our Nation and the source and transit countries as well.

History clearly demonstrates that those nations which facilitate this illicit trade, also pay a deadly price in the corruption, violence, and inevitable local drug abuse so often associated with this scourge.

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SIR GARY F. BELSKY, GRAND  
CHANCELLOR OF THE PENN-  
SYLVANIA KNIGHTS OF PYTHIAS

**HON. ROBERT A. BORSKI**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 12, 1995*

Mr. BORSKI. Mr. Speaker, I rise today to honor Sir Gary F. Belsky, who will be honored by the Pennsylvania Knights of Pythias on September 16, 1995.

Mr. Speaker, the Order Knights of Pythias, to which Sir Gary Belsky gives his time and talent, was founded in Washington, DC in 1864. Established during the Civil War, it was hoped the Knights of Pythias might help to heal the wounds and allay the hatred of the war's conflict.

Since 1972 Gary has dedicated his life to the service of others through the three cornerstones of Pythianism, which are: Friendship, charity, and benevolence. Gary has diligently served as chancellor commander, financial secretary, and treasurer of Barbarossa Lodge #133. Gary Belsky is only the second man of Barbarossa to ever be awarded with the honorable "Sam Ospow Award." This is just one of the many awards attributed to Gary's dedication and service.